

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6601

BILL NUMBER: SB 277

NOTE PREPARED: Jan 3, 2010

BILL AMENDED:

SUBJECT: County Employment Opportunity Fee.

FIRST AUTHOR: Sen. Buck

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill authorizes a county council to impose a county employment opportunity fee upon nonresident individuals who work in the county. It provides that the fee may not exceed 0.25% of the individual's adjusted gross income derived from the qualified individual's principal place of business or employment. It also provides that the fee revenue must be used for economic development purposes. Permits the fee revenue to be pledged to repay bonds or lease rentals. It permits the county employment opportunity fee to be captured or used for various economic development programs. It also permits the state to intercept the fees for noncompliance with certain data requirements.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to implement collection of the county employment opportunity fee. The DOR's current level of resources should be sufficient to implement these requirements.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *County Employment Opportunity Fee:* The bill permits a county to impose the employment opportunity fee beginning October 1, 2010. The fee applies to individuals who are not residents of a county imposing the fee, but whose principal place of business or employment is located in that county. The maximum rate at which the fee may be imposed is 0.25%.

The employment opportunity fee is effective from October 1st to September 30th. To impose, increase or decrease, or rescind the fee effective October 1st, a county council must adopt an ordinance to do so between March 31st and August 1st of the same year. The fee remains in effect until rescinded by the county council.

The bill provides that revenue from the employment opportunity fee be used for economic development projects including: (1) the construction or acquisition of capital projects; (2) the retirement of bonds issued for a capital project; (3) the payment of lease rentals; or (4) operating expenses of a governmental entity that plans or implements economic development.

The table below provides estimates for each county of the potential annual yield from a 0.25% employment opportunity fee. These estimates are based on taxable income reported on individual income tax returns tax year 2007 (the most recent year available), with projections based on county level wage and salary growth forecasts. The potential revenue that could be generated by the fee may vary above or below these estimates depending on changes over time in employment and commuting patterns in individual counties.

County	County Employment Opportunity Fee		County	County Employment Opportunity Fee
Adams	\$169,000		Lawrence	\$175,000
Allen	2,028,000		Madison	595,000
Bartholomew	925,000		Marion	18,686,000
Benton	46,000		Marshall	266,000
Blackford	66,000		Martin	369,000
Boone	480,000		Miami	154,000
Brown	47,000		Monroe	885,000
Carroll	85,000		Montgomery	242,000
Cass	175,000		Morgan	261,000
Clark	863,000		Newton	79,000
Clay	93,000		Noble	339,000
Clinton	165,000		Ohio	54,000
Crawford	30,000		Orange	73,000
Daviess	99,000		Owen	79,000
Dearborn	220,000		Parke	46,000
Decatur	240,000		Perry	72,000
DeKalb	415,000		Pike	83,000
Delaware	642,000		Porter	977,000
Dubois	460,000		Posey	222,000
Elkhart	1,944,000		Pulaski	67,000
Fayette	108,000		Putnam	207,000
Floyd	687,000		Randolph	67,000
Fountain	89,000		Ripley	267,000
Franklin	92,000		Rush	103,000
Fulton	91,000		St. Joseph	1,161,000
Gibson	609,000		Scott	93,000
Grant	356,000		Shelby	318,000
Greene	114,000		Spencer	118,000
Hamilton	2,942,000		Starke	60,000
Hancock	558,000		Steuben	126,000
Harrison	175,000		Sullivan	70,000
Hendricks	1,097,000		Switzerland	31,000
Henry	177,000		Tippecanoe	1,190,000
Howard	1,059,000		Tipton	93,000
Huntington	198,000		Union	27,000
Jackson	297,000		Vanderburgh	2,223,000
Jasper	197,000		Vermillion	163,000
Jay	91,000		Vigo	870,000
Jefferson	193,000		Wabash	158,000
Jennings	112,000		Warren	38,000
Johnson	846,000		Warrick	270,000
Knox	181,000		Washington	59,000
Kosciusko	559,000		Wayne	251,000
LaGrange	224,000		Wells	186,000
Lake	3,593,000		White	128,000
LaPorte	582,000		Whitley	228,000

State Agencies Affected: DOR; State Budget Agency.

Local Agencies Affected: Counties.

Information Sources: OFMA Income Tax database, 2007; Global Insight, Fall 2009 County Wage/Salary Disbursement forecast (for Indiana counties), December 2009.

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